SUMMARY

Despite slowing growth in Europe’s economic heartlands and ongoing “Brexit” uncertainty, the markets were cheered after the European Central Bank extended its deposit rate further into negative territory and announced another round of asset purchases. The S&P Europe 350 shrugged off the gloom to finish the month and quarter with gains of 3.6% and 2.6%, respectively.

Defensive sectors led the way up; the S&P Europe 350 Utilities and Real Estate sectors gained 9.0% and 5.2% on the quarter, respectively, while the Materials and Energy sectors were the laggards, declining 2.1% and 2.7%, respectively.

A declining pound sterling helped to support the quoted prices of London-listed blue-chips; the S&P United Kingdom gained 0.8% on the quarter, lifted by a 3.0% gain in September. The U.K. government now has less than a month to negotiate its exit from the E.U.

The S&P Europe 350 Momentum was the best-performing European equity strategy this quarter, rising 5.6%, followed closely by Low Volatility, which gained 5.0%. Despite rising 7.5% in September, Enhanced Value lagged this quarter.

Central bank support drove down yields across the eurozone this month. Italian sovereign bonds welcomed the reopening of the gilts with particular enthusiasm: this quarter’s 7.6% return for the S&P Italy Sovereign Bond Index is the best since 2012.

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INDEX INVESTMENT STRATEGY

Index Dashboard: Europe

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